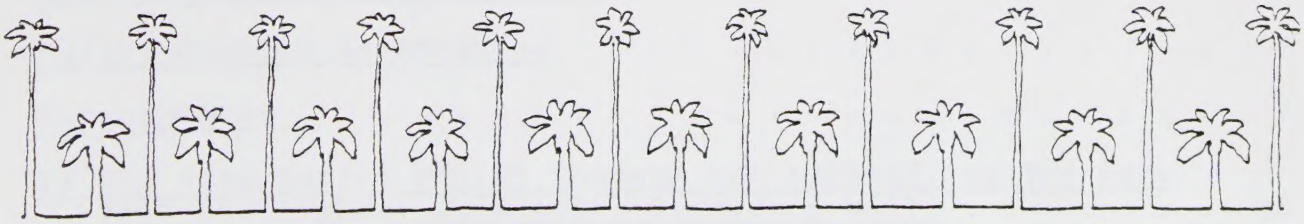
City of Santa Monica General Plan Land Use and Circulation Elements

Issue Paper: The Highway Commercial Corridors



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SUMMARY OF THE ASSIGNMENT

INTRODUCTION

One of Santa Monica's great advantages as it proceeds to revise its Land Use and Circulation Element is the City's recent history of very extensive public policy debates dealing with many of the issues that are central to decisions on future land use patterns. This high level of debate has helped to crystallize issues to a far greater degree than is usually true. Thus the premise underlying this paper is that citizen-government communication in Santa Monica has progressed to the point where effective citizen involvement and action now require a carefully documented analytic perspective on each of what are generally agreed to be the key issues for future land use. The purpose of this paper and the four others like it is to provide such a perspective.

In November 1982, the Consultants prepared a set of "research designs" for each issue paper. These set out the key issues which the Consultants thought had emerged in the City during past debates and discussions on land use policy in each of five geographical areas of the City:

(1) The Industrial Corridor
(2) The Neighborhood Commercial Areas (with special emphasis on the Pico Neighborhood Commercial Area)
(3) The Downtown
(4) The Highway Commercial Corridors
(5) The Oceanfront

This statement of the issues was discussed with community groups, business organizations and elected officials in the City and then revised in light of the comments made. These groups included the Santa Monica Chamber of Commerce, the Pico Neighborhood Association, the Concerned Homeowners of Santa Monica, the Ocean Park Community Organization and the Santa Monica Visitors and Convention Bureau. Each design also contained a plan for analyzing the key issues. That plan indicated that for each geographical area the papers are to report what the consequences are likely to be in the year 2000 of:

-- The continuation of land use regulations in effect in April 1981;
-- The set of regulations and policies proposed by the City's Commercial and Industrial Task Force as embodied in Council Resolution 6385;
-- An alternative set of policies proposed by the Consultants.

As required by the Planning Commission, the analysis of consequences is also to include identification of the costs and benefits that may reasonably be expected to attach to the three different sets of policies with respect to six major City goals:

(1) Assurance of adequate General Fund revenues for provision of City services.
(2) Provision of employment opportunities for Santa Monica residents.
(3) Support for existing Santa Monica businesses.
(4) Maintenance of the City's housing stock.
(5) Preservation and protection of Santa Monica's natural environment, including attention to traffic, parking and utility infrastructure.
(6) Attention to problems of unemployment and underemployment.

DESCRIPTION OF THE AREA

These facts and figures are set forth below for the four major Highway Commercial Corridors in Santa Monica. These are Wilshire Boulevard, Santa Monica Boulevard, Lincoln Boulevard (between Wilshire and the City limits) and the C-4 zoned portion of Pico Boulevard. These Corridors are currently zoned C-4. There are other areas of land in the City that are zoned C-4, such as Broadway, that will be considered in the City-wide Land Use Element, but they are not emphasized here. The map which follows shows the location of the Corridors under discussion in this paper.

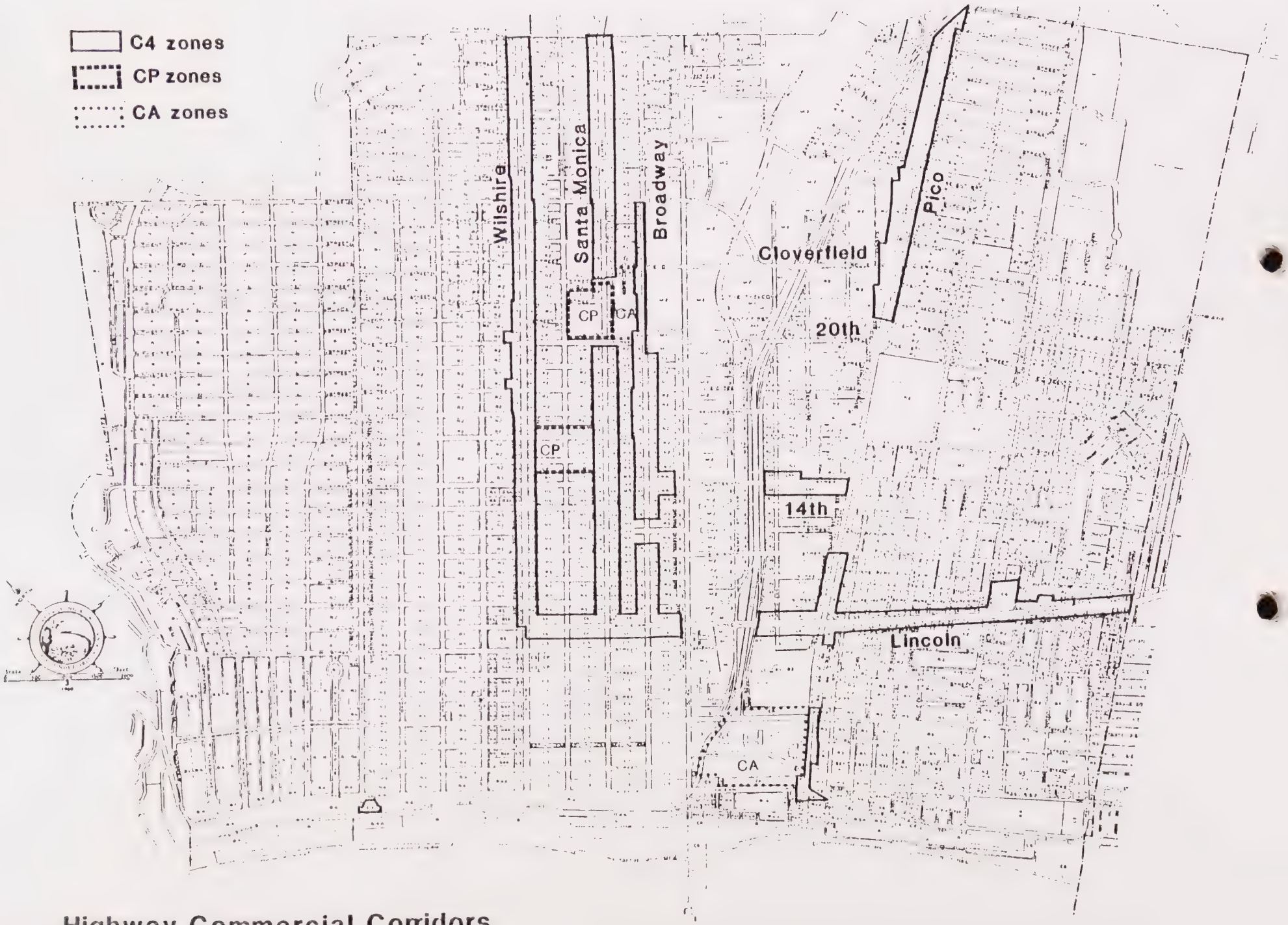
USE OF THIS REPORT

This report on the Highway Commercial Corridors is divided into eight sections (as are all other issue reports).

(I) Summary of the Assignment (Includes Area Description)
(II) Key Issues
(III) Summary of Key Policy Findings
(IV) Analysis -- Continuation of Past Policies
(V) Analysis -- The Commercial and Industrial Task Force Program
(VI) Analysis -- An Alternative
(VII) Analysis -- Other Impacts of the Three Scenarios
(VIII) Appendices

The reader should note that with respect to circulation questions, only the conclusions of the circulation analysis are reported here in the Summaries of Key Policy Findings. The detailed circulation data and analysis are contained in PRC Voorhees, "Santa Monica Circulation Analysis," Santa Monica Planning Commission, March 1983.

These analyses are not proposed as a substitute for public debate of the key issues. They are intended as an aid to this debate. Each issue paper has been circulated to many groups in the City and will be presented at a public workshop, where its findings will be described and written and oral comments solicited from the community. The workshop on the Highway Corridors will be held on May 14, 1983.



Highway Commercial Corridors

The key decisions which a land use plan addresses are the regulation of use, height, bulk, intensity and resulting circulation patterns. These are the action items on which consensus must be achieved. To highlight these items, the final appendix in each issue paper contrasts the specific regulations proposed for each scenario.

After all five workshops have been held and the fruits of public comments arising from them are digested, the Consultants will relate the findings for each area to the City-wide policy that will be expressed in the new Land Use and Circulation Element. That approach will be translated into a draft Land Use Element, which will then again be circulated for public comment. Only after this extensive opportunity for public appraisal and advice will the package of policies selected by the City be put into finished form for submission to the City Planning Commission and the City Council.

KEY ISSUES

The term "Highway Commercial Corridors" is used to signify a series of areas in which commercial activity is located along a street which has more transportation volume, retail activity and employment than adjacent areas.

The following key issues must be decided with respect to the Highway Commercial Corridors.

First, if the existing pattern of development continues without changes in regulations, what will be the traffic, parking and utility infrastructure consequences for the major corridors?

Second, what are the economic and fiscal consequences of the downzoning proposed by the City's Commercial and Industrial Task Force, from highway commercial standards to neighborhood commercial standards, on Wilshire, Santa Monica, Lincoln and Pico Boulevards. This issue can be further subdivided into two questions: (1) What would the cost to the City be of downzoning in terms of losses in revenues and employment, and what would be the benefits? (2) What would the impact be on landowners and on future development?

Third, what is an alternative land use and intensity of development plan for the Highway Commercial Corridors?

SUMMARY OF KEY POLICY FINDINGS

SCENARIO I: CONTINUATION OF PAST POLICIES

A detailed study of the Highway Commercial Corridors was done in 1975 which indicated that:

-- The Wilshire and Santa Monica Corridor generated almost half of the City's sales tax revenues, contained just under one quarter of the City's work force, and carried the largest amount of street traffic headed for Central Los Angeles.
-- Lincoln Boulevard was significant more as a transportation corridor than as a commercial corridor.
-- Pico Boulevard generated the lowest portion of retail sales revenues and employment of the three.

Since That Time and Up to 1982

* The most dramatic change in the City as a whole since 1975 has been the increase in office space. The Wilshire/Santa Monica Corridor received 22% of this new office development, or 555,400 square feet of new office space, making it the third most attractive area, after the Industrial Corridor and the Downtown, for office additions.

* The Wilshire/Santa Monica Corridor has attracted a great deal of new retail development. It is second only to the Downtown in new retail space, having received 233,250 new square feet of retail space since 1975. If Santa Monica Place is excluded from the retail expansion total, the Wilshire/Santa Monica Corridor absorbed about half of total new retail deveopment.

* The other Corridors -- Lincoln and Pico -- received very little new retail growth. Residents also perceive that there has been a decline in neighborhood-serving retail uses in the Pico Corridor.

* The most frequently occurring changes with respect to retail uses on the Wilshire Corridor were the replacement of vacant lots or parking, and the replacement of auto sales/service uses. A more subtle trend was the replacement of a number of shops and stores on Santa Monica Boulevard by auto showrooms and car lots.

* In 1978 a Bulk Analysis prepared by the Santa Monica Planning Department indicated that increases in automobile traffic associated with new construction since 1975 were already a limiting factor on development in the Wilshire/Santa Monica Corridor. The current situation on Wilshire Boulevard is that traffic has increased from approximately 31,000 vehicles per day in 1975 to 36,000 per day in 1982. This brings Wilshire Boulevard to approximately 68% of capacity, which means that during peak hours the average levels of service at signalized intersections

along Wilshire Boulevard has begun to enter the "D" level. This means that traffic on Wilshire is beginning to experience restricted flow. Drivers occasionally have to wait through more than one signal phase. (Level of service at signalized intersections ranges from Level A [unrestricted flow] to Level F [jammed conditions]. Level D is commonly experienced in urban areas during peak hours. Level E represents capacity conditions.) The average delay at signalized intersections along Wilshire is currently in the range of 28-35 seconds per vehicle. Traffic on Santa Monica Boulevard has increased from 21,000 vehicles per day in 1975 to almost 24,000 in 1982. This brings Santa Monica Boulevard to approximately 53% of its daily capacity, indicating peak hour conditions in the "B" range. Average delays at signalized intersections are currently less than 20 seconds per vehicle during the PM peak hour on Santa Monica Boulevard.

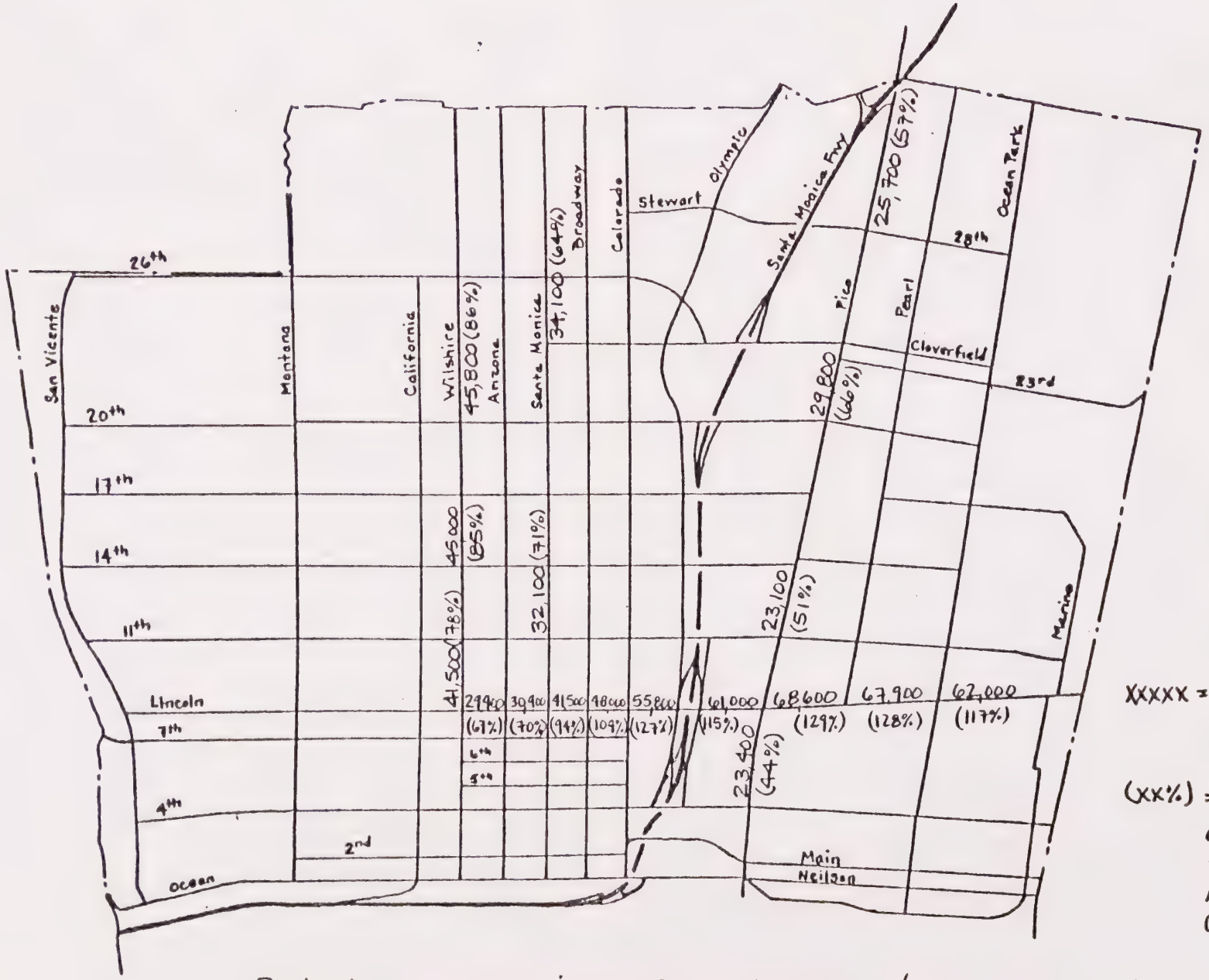
* Since 1975 the amount of developed commercial space on Pico Boulevard has increased 97,000 square feet, and on Lincoln Boulevard, 78,000 square feet. While there has not been much building, traffic on Lincoln Boulevard has increased from approximately 43,000 vehicles per day in 1975 to in excess of 49,000 in 1982. This represents 92% of daily capacity. There are already long delays, approaching 40 seconds per vehicle at signalized intersections, during peak hours on Lincoln Boulevard. Traffic on Pico Boulevard has increased from 24,000 vehicles per day (east of 20th Street) to approximately 25,400 vehicles per day, which represents about 56% of capacity. This indicates that delays of less than 20 seconds per vehicle at signalized intersections are currently occurring along Pico Boulevard in the PM peak. On both streets, motorists increasingly use residential streets as their alternative routes to avoid the delays on the traffic Corridors.

<u>If Past Policies Are Continued, By The Year 2000 The Highway Commercial Corridors Will:</u>

LAND USE:

* Contain an additional 700,000 square feet of new office space and 397,000 square feet of new retail space on the Wilshire/Santa Monica Corridor. This means the Wilshire/Santa Monica Corridor, which is 44% office at present, will become 50% office-developed in the year 2000.

* Lincoln and Pico Boulevards are likely to each receive new commercial development totaling about 29% of existing space. Lincoln Boulevard will receive 98,000 additional square feet of retail development and 115,000 square feet of additional office space. Pico Boulevard will receive about 26,000 additional square feet of new retail development and about 115,000 additional square feet of new office space. The office increase marks a change for Pico Boulevard since, while not a huge amount of space when compared with Wilshire Boulevard, it rep-



XXXXX = two-way, average daily traffic volume

(XX%) = Percentage of daily capacity utilized; Note- At 75% peak hour congestion occurs

Projected Average Daily Traffic Volumes on Highway Commercial Corridors
Baseline Scenario

PRC Voorhees

* Pico Boulevard traffic (east of 20th Street) is projected to increase to 29,800 vehicles per day, or 66% of capacity. This indicates peak hour levels of service in the C category, which means average delays of approximately 25 seconds per vehicle at signalized intersections.

SCENARIO II: THE COMMERCIAL AND INDUSTRIAL TASK FORCE PROGRAM

Policy Changes Recommended

In 1981 the City's Commercial and Industrial Task Force, while recognizing the contributions of the Highway Commercial Corridors to the City's sales tax revenues, expressed concern about the pressure for development there. It recommended that four areas on these major Corridors be rezoned from C-4 to C-2 to protect their current use and function and that height and floor area ratios be reduced. In addition, it recommended that Broadway be rezoned so that in the future it would contain residential uses.

Consequences

* The impact of the proposed reduction in floor area ratio (FAR) (to 2) on a prototypical site in the Wilshire/Santa Monica Corridor is to reduce the return on investment to a hypothetical developer by about 4-5%. This implies that a 39% decline in the value of land would be required for development to go forward under the lowered limits. This calculation is shown in Appendix I.

* If a similar analysis is done on the Pico Corridor, the downzoning has little impact, because the returns on investment are already so low that the likelihood of recycling occurring here is small both under the first scenario and under the lower limits. This calculation is shown in Appendix II.

* It can be argued that the limitation on developable space in the Wilshire/Santa Monica Corridor created by the reduced development allowed will cause rents to rise to offset the decline in potential income. However, local realtors discount the probability of a substantial increase in rents caused by the sheer scarcity of developed space compared to what might have existed under the first scenario, except on sites adjacent to Ocean Avenue.

* If the reduction in land value took place, and development occured after some period of time at lower land values, the area would still contain, even under the reduced FARs, enough physical space to accommodate all the retail and office demand projected for the area under the first scenario. In addition, the Wilshire/Santa Monica Corridor could accommodate some 213,000 square feet of the demand for office space which, under the first scenario, would have been absorbed in the Industrial Corridor, but is displaced under Task Force rules for the Indus-

trial Corridor. The Consultants believe that this development would gravitate from the Industrial Corridor to the Wilshire/ Santa Monica Corridor. Thus slightly more office development would end up on Wilshire Boulevard under this scenario than under the first scenario.

* Total City-wide traffic generation for this scenario is 2% less than that for the first scenario. The impacts of this small differential in total traffic generation will be relatively minor on any one street. Since about the same amount of development would take place on the Highway Commercial Corridors, about the same amount of traffic would ultimately result on the commercial arterials, although it might not reach maximum levels until somewhat later in the period between 1982 and the year 2000 than would be the case in the first scenario.

* The rezoning of Broadway from commercial to residential will displace a great deal of retail and office space demand (estimated to be about 210,000 sq. ft.). It is projected that this space would locate on Lincoln Boulevard.

If The Recommended Task Force Policy Changes Are Adopted, By The Year 2000 The Highway Commercial Corridors Will:

LAND USE:

* The Wilshire/Santa Monica Corridor will contain 914,000 additional square feet of office development and 400,000 additional square feet of retail development. This will yield a Corridor that contains 53% office development, which is a greater concentration than under the first scenario. This is a paradox, given the aim of the regulations toward restricting office development.

* Lincoln Boulevard will contain 205,000 new square feet of retail space, a 36% increase over current levels, and 219,000 square feet of new office space, a 128% increase over current levels. The increase is projected as a consequence of the displacement of demand from Broadway because of its residential rezoning. Pico Boulevard is expected to develop exactly as it would under the first scenario.

TRAFFIC:

* A map showing the projected daily traffic volumes on the Highway Commercial Corridors under this scenario (labelled Scenario 6385) follows.

* On Wilshire Boulevard, under this scenario, traffic volumes are projected at 45,600 vehicles per day (vs. 45,000 under the first scenario). On Santa Monica Boulevard under this scenario, average volumes are 31,600 vehicles per day compared to 32,100 under the first scenario. On neither of these streets would the average level of service be different under Scenario 2 as compared to Scenario 1.

XXXXX = two-way, average daily traffic volume

(XX%) = percentage of daily capacity utilized; Note – At 75%, peak hour congestion occurs

Projected Average Daily Traffic Volumes on Highway Commercial Corridors
Scenario 6385

* On Lincoln Boulevard under this scenario, traffic volumes are projected at 69,800 vehicles per day (vs. 68,600 in the first scenario, and vs. 49,000 per day now). This exceeds the daily capacity of the street and will produce extended periods of congestion in peak hours and the diversion of traffic to alternate routes, such as Main Street and Neilson Way.

SCENARIO III: AN ALTERNATIVE

Policy Changes

The principles which guide the alternative suggested for the Highway Commercial Corridors are fourfold:

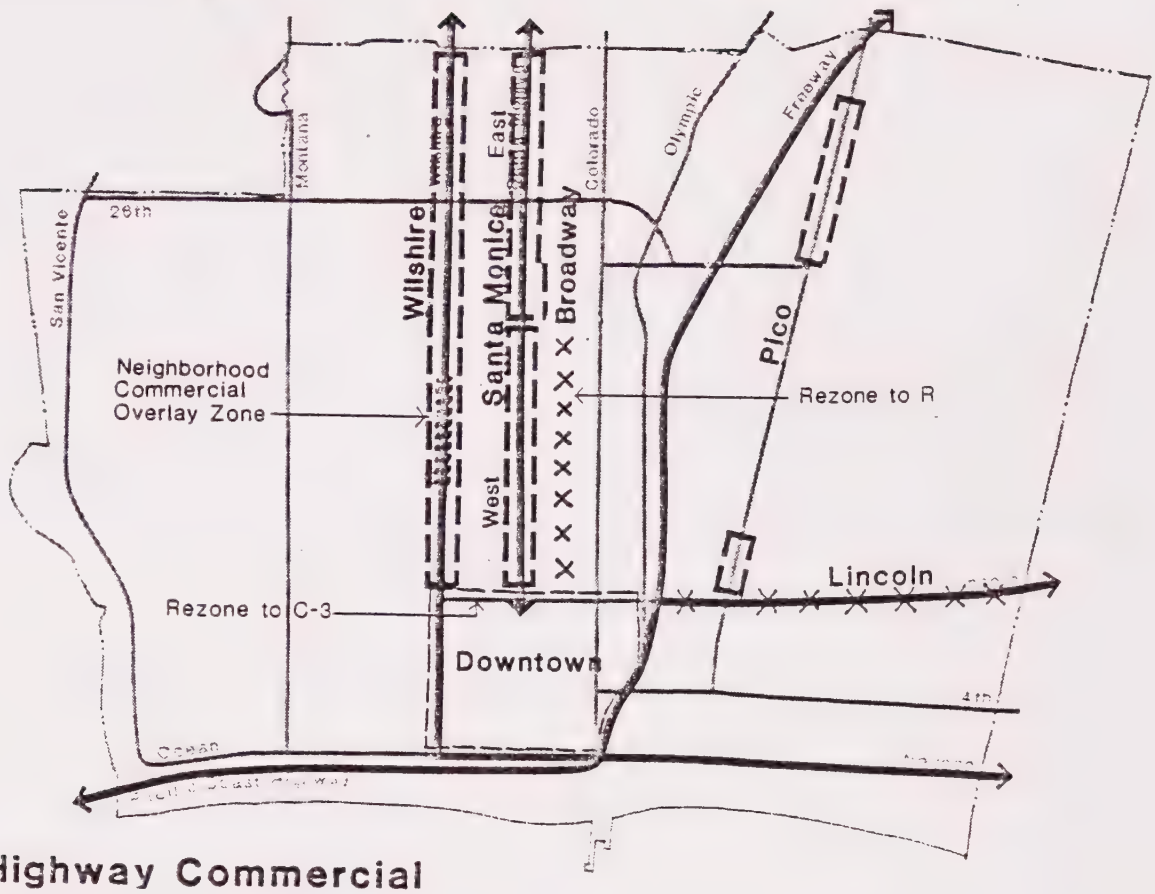
(1) The first principle is to enhance the special character of the Corridors by making them recognizable and distinct areas of the City.
(2) The second principle is to permit the projected commercial development to occur but to protect the residential neighborhoods adjacent to the Corridors from the harmful side effects which might be caused by Corridor development.
(3) The third principle is to tailor uses and building standards to the individual character of the Corridors and discourage a situation in which they would compete directly with the Downtown. (The Downtown and Industrial Corridor papers describe the goal of concentrating projected future demand for office and retail development in these two areas by configuring the land use standards. Downtown has been pictured as the area with the concentration of comparison goods shopping and general office development. The Industrial Corridor has been pictured as the priority area for large-floor office and research and development activities. Here, the other side of the coin is to deemphasize the Highway Commercial Corridors as commercial development areas, giving them priority for office and retail development which is second to the Downtown and the Industrial Corridor.)
(4) The fourth principle is to protect neighborhood commercial uses on the ground floor even in the Highway Corridors, allowing the space above ground level to be consistent with regular Highway Commercial uses. (Residential uses would also be allowed above the ground floor.)

These principles are illustrated in the Figures 1-5 which follow.

Consequences

* On Wilshire/Santa Monica Boulevards, commercial development should be concentrated east of 20th Street, close to the western perimeter of the City. (This will be done by allowing the FAR there to be 2.5 as contrasted with FARs of 1.0-1.5 west of 20th Street on Santa Monica Boulevard.) Traffic is then more likely to use the 26th Street route to Cloverfield as well as using Centinela Boulevard to reach the Centinela interchange.

Fig.1



Highway Commercial

LAND USE

PRINCIPLE: Tailor allowable uses and building standards to the individual character of commercial corridors; discourage competition with Downtown for comparison retail use.

MEANS:

-Wilshire Boulevard and Santa Monica East: Permit concentration of commercial uses (FARs of 2.0-2.5).

-Enact measures to protect existing neighborhood-serving uses along highway commercial streets (rezoning to C-2, or overlay zones requiring replacement of particularly valuable uses in new development. Refer to Neighborhood Commercial Issue Paper for further discussion.)

-Santa Monica west of 20th: Protect "Auto Row" by means of a low FAR (1.0-1.5), since it generates considerable revenues for the city.

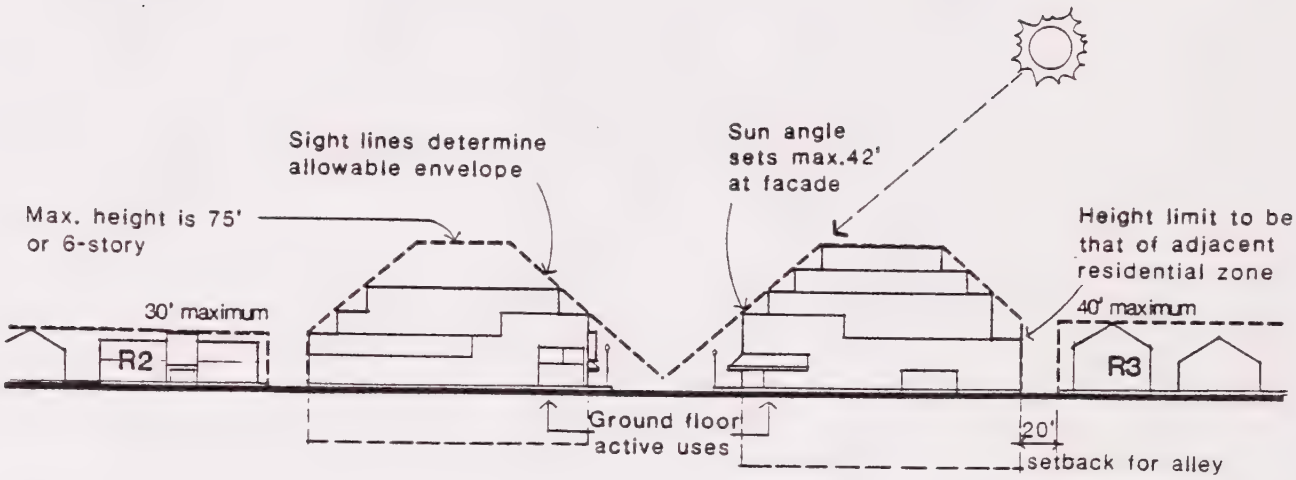
-Broadway and 14th north of Freeway: Rezone to Residential, to reinforce the area as a neighborhood, since an additional commercial corridor is not needed. Allow ground floor commercial by use permit.

-Lincoln north of the Freeway: Rezone to C-3, with development standards consistent with those of Downtown.

-Lincoln south of the Freeway: Discourage intensive growth, because of projected traffic problems. Allowable FAR to be approximately .5-1.0.

-Pico: Protect residential context by limiting intensity to 1.0-1.5 FAR.

-CA and CP: Reclassify CA between 21st and Cloverfield to "R2". Other CA and CP to remain, but at lower intensity (FAR of 2.0-2.5).



Section Through Typical Development

Highway Commercial

URBAN DESIGN & DEVELOPMENT STANDARDS

PRINCIPLE: Protect adjacent residential neighborhoods from harmful effects caused by commercial corridor development.

MEANS:

-Require materials and colors to be appropriate to Santa Monica's scale and image. Encourage light colors and earth tones, with bright colors used for accent. Do not allow reflective or black glass.

-Ensure that sunlight reaches streets and sidewalks by means of a 3-story (42') height limit at the street frontage (diagrammed above).

-Ensure low-scale perceived building mass by using sight lines from street center to determine allowable building envelope (illustrated above).

-Conform to scale of adjacent residential neighborhood by requiring maximum height at rear alley frontage to be equal to building height in the adjacent residential zone.

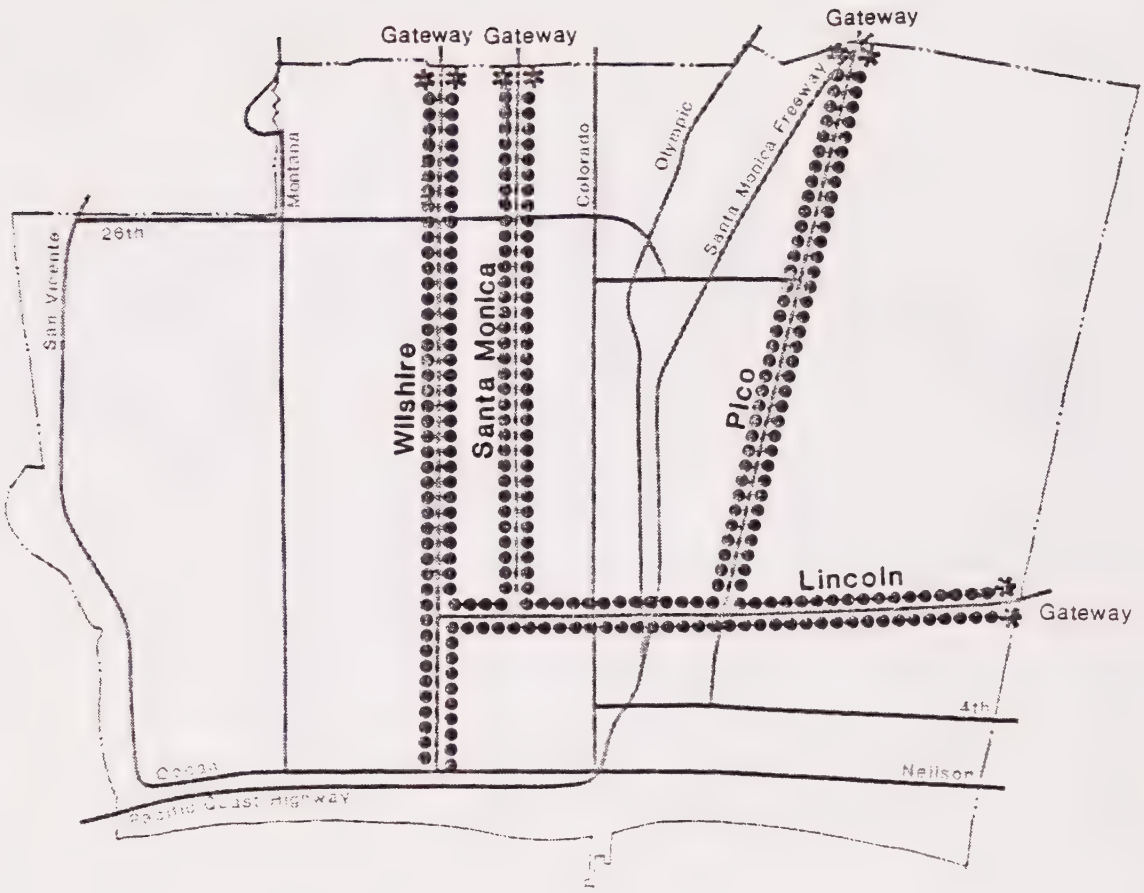
-Require pedestrian-oriented uses (retail, cafes, etc.) to be 75% of ground floor street frontage (minimum 20' depth).

-Require 20' rear setback when no alley exists, to accommodate service vehicles and to provide protection for adjacent residential district.

-Require buildings to meet the street front property line of Pico, Wilshire and Santa Monica east of 20th.

-Allow Lincoln and Santa Monica west of 20th Street to continue as mainly auto-oriented commercial (i.e., exempt from the 75% requirement stated above), but find other means - possibly a street-front landscaped setback - to make them recognizable and pleasant commercial corridors.

Fig.3



Highway Commercial

PUBLIC OPEN SPACE

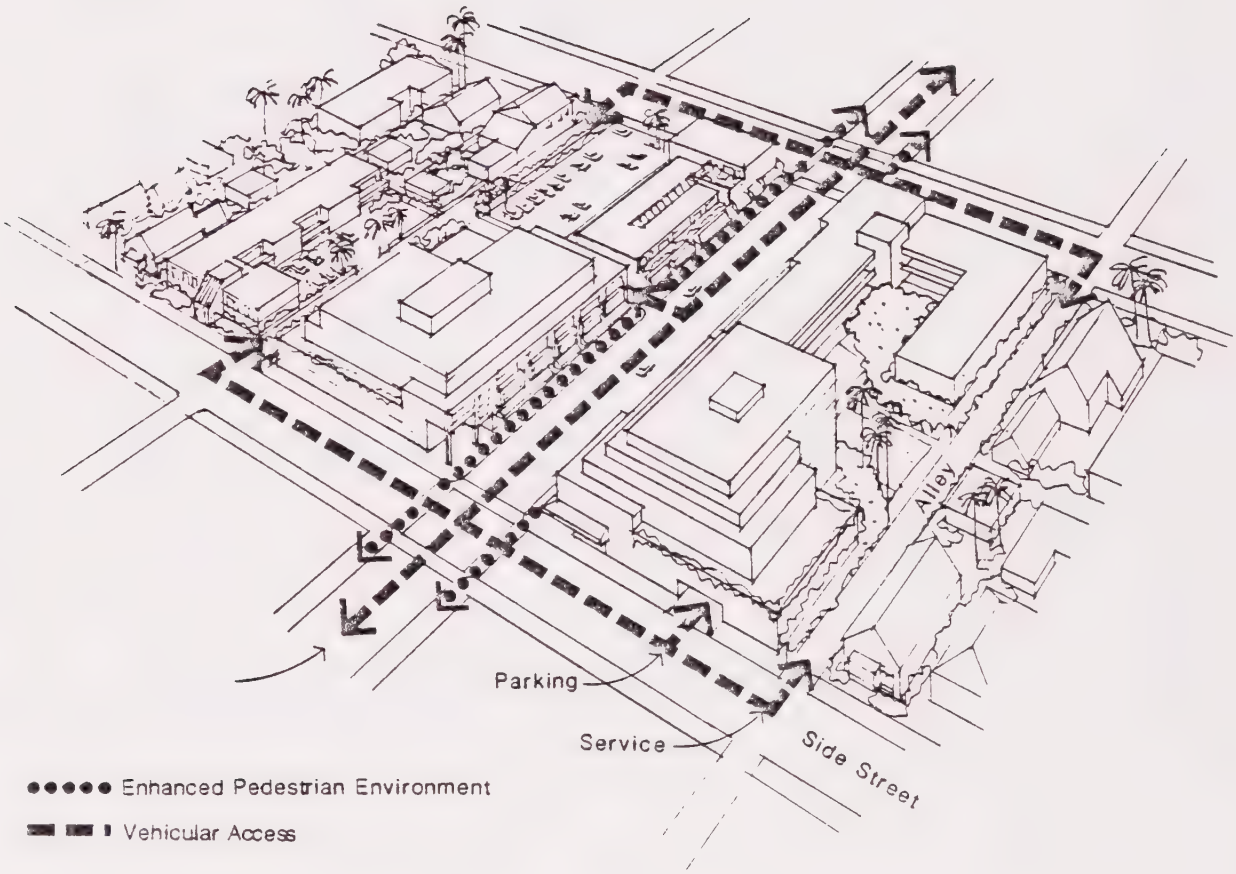
PRINCIPLE: Enhance the special character of commercial corridors by making them distinct and recognizable areas of the city.

MEANS:

-Use landscape treatment (the simplest being a special type of tree) to give each street its own "signature." Santa Monica already has begun this tradition; it should be extended and reinforced.

-Improve the streetscapes of important commercial corridors by use of characteristic paving, street furniture, street lighting, public signage and art.

-Install "gateway" markers at Wilshire, Santa Monica, Pico, and Lincoln.



Highway Commercial

CIRCULATION

PRINCIPLE: Reinforce an attractive and walkable pedestrian environment along the major highway commercial streets.

MEANS:

-Encourage vehicular access and service from side streets/alleys, while protecting adjacent neighborhoods from traffic intrusions. Prohibit curb cuts where appropriate (ex. Lincoln south of the freeway).

-Promote an enhanced pedestrian environment through design guidelines as discussed under Urban Design and Development Standards.

-Encourage public transit on Wilshire.

Highway Commercial

CIRCULATION

PRINCIPLE: Protect residential neighborhoods from traffic and parking intrusion.

MEANS:

-Prevent traffic intrusions into residential areas from the major cross streets (illustrated above).

-Consider establishing preferential parking districts for adjacent residential neighborhoods, when parking problems arise.

It is less likely to filter through the north-south residential Corridors to get to the freeway. At the same time, the low FARS for the western portion of Santa Monica Boulevard will protect existing "Auto Row" development.

* With respect to Broadway, this scenario incorporates the Task Force recommendation to rezone Broadway to residential. This is likely to mend some of the incompatibilities between commercial and residential uses in the area, but is insufficient to knit the Broadway neighborhood together. Traffic diversions and the narrowing of some streets in this area are suggested to increase the area's desirability as a residential neighborhood. Broadway would then become a priority area for new housing.

* For Pico Boulevard, low FARs of 1.0 to 1.5 are suggested, which would have the effect of maintaining the residential character of this area.

* For the purpose of future land use planning, Lincoln Boulevard would have two distinct segments. Growth would be discouraged in the portion south of the freeway, where traffic is a problem. For the portion adjacent to Downtown, Lincoln Boulevard would be rezoned C-3, with development standards similar to Downtown. This would limit the number of additional trips generated in the area where traffic pressure is worst -- between Broadway and the freeway. There are also more acceptable parallel routes, such as 4th-7th Streets north of the freeway, which are not residential streets.

<u>If The Alternative Policy Changes Are Adopted, By The Year 2000 The Highway Commercial Corridors Will:</u>

Land Use:

* The Wilshire/Santa Monica Corridor will contain 700,000 additional square feet of office space and 397,000 square feet of new retail space, as in the first scenario.

* The retail and office demand which otherwise would have located on Broadway will be directed toward the Downtown, rather than toward Lincoln Boulevard because of the higher FARs available in the Downtown. Thus, the added development pressure created on Lincoln Boulevard in the second scenario by rezoning Broadway for residential use should be abated.

Traffic:

* A map showing the projected average daily traffic volumes on the Highway Commercial Corridors under this scenario (labelled Scenario 3) follows.

* The locations of traffic capacity problems in the Highway Commercial Corridors are the same for all three scenarios, largely because these Corridors serve as key regional access routes for travel into and through Santa Monica.

XXXXX = two-way, average daily traffic volume

(XX%) = percentage of daily capacity utilized; Note – At 75%, peak hour congestion occurs.

Projected Average Daily Traffic Volumes on Highway Commercial Corridors
Scenario 3

PRC Voorhees

* Because development on the Wilshire/Santa Monica Corridor will be concentrated east of 20th Street, traffic will not tend to intrude onto residential streets as much as in the first scenario. Traffic will be more likely to use 26th Street and Cloverfield to reach the freeway and/or streets in West Los Angeles, rather than the residential streets in Santa Monica west of 20th Street. Traffic volumes on Wilshire and Santa Monica Boulevards will continue to reach 85% and 70% of daily capacity levels, respectively, as in both Scenarios 1 and 2.

* There will be congestion problems at some intersections, as in the other two scenarios. The Circulation Element will include a Neighborhood Traffic Control Plan focused on California and Arizona Avenues and will recommend installation of diverters at specific points on these streets to reduce this intrusion of traffic into adjacent neighborhoods. The objective is to funnel Corridor traffic onto the collecter streets and discourage it from using the residential streets.

* Lincoln Boulevard will receive the same amount of development as in the first scenario. The Circulation Element will recommend that Lincoln be regarded as a major transportation Corridor and its efficiency improved. The recommended improvement is to prohibit peak hour parking and improve channelization at some intersections to improve flow. The elimination of peak hour parking increases capacity in the peak direction by almost 600 vehicles per hour, which should be sufficient to accommodate the traffic projected in this scenario and encourage through traffic to remain on Lincoln Boulevard, rather than diverting to alternate parallel routes.

* Following implementation of the peak hour parking prohibition, and evaluation of its effectiveness, the City should consider prohibiting parking at all times on Lincoln Boulevard and providing replacement parking if it is needed

THE ANALYSIS -- CONTINUATION OF PAST POLICIES

Previous Policy Recommendations

The City conducted a detailed study of the Highway Commercial Corridors in 1975. The term "Corridor" was used to signify a series of areas in which commercial activity was located along a street which had higher employment, and higher land use intensity and retail sales and revenues than adjacent areas, and the street had major transportation volume and often some public transportation facilities. The study concluded that 60% of the City's sales tax revenues were coming from these Corridors, as contrasted to 15% from the Downtown. All the Corridors studied exhibited a pattern in which commercial activities were concentrated along the boulevards, and residential uses were located adjacent to the rear of these commercial parcels. Commercial parking intruded into adjacent residential areas, particularly in the Santa Monica Corridor.

The study also concluded that:

(1) In 1975, The Wilshire/Santa Monica Corridor was the most commercially significant of all the Corridors. It contained 21% of the City's work force, as compard with 2.5% for Lincoln Boulevard and 4% for Pico Boulevard.

-- It generated 44% of the City's revenues from retail sales tax, as compared with 10% for Lincoln Boulevard, 5% for Pico Boulevard, and 15% for the Downtown.

-- It carried the largest amount of surface street traffic from Santa Monica to West and Central Los Angeles.

(2) In 1975, Lincoln Boulevard was mainly significant as a transportation Corridor. It had wider surface street width than Santa Monica and Pico Boulevards and had the highest traffic volume, but the lowest land use intensity. Total employment along Lincoln Boulevard was much lower than on Wilshire or Santa Monica Boulevards. Lincoln Boulevard establishments generated only 10% of the City's revenues from retail sales.

(3) Pico Boulevard served as a combination transportation and commercial Corridor. In 1975, it had more hotels and motels than other Corridors but generated the least proportion of retail sales tax. Most of the employment along this Corridor was in institutional and governmental establishments, such as Santa Monica High School and Santa Monica College. Commercial activities were concentrated in the area between 20th and 34th streets rather than along the entire length of the street.

Since That Time and Up To 1982

The Consultants' analysis indicates that three major changes have occurred in the Corridors since 1975. First, 555,400 square feet of new office space have been constructed in the Wilshire/Santa Monica Corridor, which is 22% of the total new office space constructed in the City since 1975, excluding the Airport Business Park. It ranked third in terms of new office space built, behind the Industrial Corridor and the Downtown.

Since most of the Industrial Corridor share of 1975-82 office development is in two large projects, the Colorado Place project and the Greenwood project, if these developments were deleted from the calculation, Downtown and the Wilshire/Santa Monica Corridor would have received the largest share of new office development. However, because there is every reason to believe that the Industrial Corridor will continue to attract offce development, the ranking of the Wilshire/Santa Monica Corridor as the third ranking magnet for office space seems appropriate.

Second, 233,250 square feet of new retail space has been constructed in the Wilshire/Santa Monica Corridor, 22.4% of the total new retail space in the City. The net impact of these changes is to produce a Wilshire/Santa Monica Corridor which is relatively evenly balanced between retail and office uses.

Third, the situation of Lincoln and Pico Boulevards has been very different from that of the Wilshire/Santa Monica Corridor. Lincoln Boulevard has gained only 18,930 square feet of new retail space, or about 2% of that built in the City. Pico Boulevard has had only five office projects and three retail projects occur since 1975, for a total of 61,000 new square feet of office space and 15,000 additional square feet of retail. The average FAR for the new office space was .82, and .41 for the retail space. There are no current proposals for the area; the existing average FAR is .3 to .4.

There has been considerable discussion by Pico Neighborhood residents of disinvestment having taken place on Pico Boulevard. Certainly in contrast to other areas, there has been little building in the last few years here. There has also been some change in business ownership. The departure of the Thriftimart at Cloverfield and Pico has caused much comment. It has been replaced by a bulk discount store, operated by the same owner. The issue of disinvestment and neighborhood commercial needs was discussed in detail in the Neighborhood Commercial Issue Paper.

The resulting 1982 land use situation in the Corridors is indicated below:

CORRIDOR LAND USES, 1982 (In Square Feet)

Corridor	Retail	Office	Total
W/SM	1,416,000	1,101,000	2,517,000
Lincoln	567,000	171,000	738,000
Pico	380,000	98,000	478,000

The estimated 1982 employment pattern is indicated below for all three Corridors.

CORRIDOR EMPLOYMENT, 1982

Corridor	Retail Employment	Office Employment	Other Employment		Total
W/SM	3,125	3,764	3,192		10,081
Lincoln	662	585	881		2,717
Pico	839	366	580		1,785
				Total	14,583

What do these changes mean for the extent to which the Corridors provide revenues for Santa Monica? This is indicated in the following table:

CORRIDOR SALES TAX REVENUES, 1975 AND 1982

	1975		1982	
Corridor	Amt.	% of Total City	Amt.	% of Total City
W/SM	$1,799,000	49.3	$3,868,000	37.5
Lincoln	365,000	10.0	443,000	4.3
Pico	178,000	4.9	297,000	2.9

While absolute Sales Tax revenues generated by these Corridors have increased since 1975, their percentage share of total City sales tax receipts has declined. This is primarily because of the construction of Santa Monica Place, which currently generates 21.8% of total City sales tax revenues.

The major problem which Highway Commercial Corridor development has created is with regard to the impact of added traffic. The current situation is that traffic along Wilshire Boulevard has increased from approximately 31,000 vehicles per day in 1975 to 36,000 per day in 1982. This brings Wilshire Boulevard to approximately 68% of capacity. Severe congestion of a street generally begins to occur when it operates at 75% of its capacity. The current level means that during peak hours motorists on Wilshire Boulevard are experiencing the beginnings of restricted flow. The average delay is in the range of 28-35 seconds per vehicle at signalized intersections. Traffic on Santa Monica Boulevard has increased from 21,000 vehicles per day in 1975 to close to 24,000 in 1982. This brings Santa Monica Boulevard to

approximately 53% of its daily capacity. Delays at signalized intersections are currently less than 20 seconds per vehicle along the Santa Monica Corridor.

If Past Policies Are Continued, By The Year 2000 The Highway Commercial Corridors Will:

LAND USE:

* For the period from 1982 forward both the use of space in the Corridors and the employment and revenues likely to be available from them have been projected. The table below shows the development potential in the Corridors if no policy change occurs; i.e., if the FAR of 3.3 on these streets is continued.*

HIGHWAY CORRIDORS: DEVELOPMENT POTENTIAL

Corridor	Development Potential
W/SM	15,608,000 sq.ft.
Lincoln	4,988,000
Pico	2,904,000

If the projected demand for space in the year 2000 is then applied, the use of space in the Corridors will be as illustrated below.

HIGHWAY CORRIDORS: NEW USES OF SPACE IN THE YEAR 2000 COMPARED WITH CURRENT (in square feet)[1]

Use Type/ Corridor	Projected Additional Space	Existing Space	% Increase over Existing	Total Yr. 2000
Retail				
W/SM	397,316	1,416,000	28	1,813,316
Lincoln	98,399	567,000	17	665,399
Pico	25,578	380,000	7	405,578
Office				
W/SM	700,567	1,101,000	64	1,801,567
Lincoln	115,478	171,000	68	286,478
Pico	115,478	98,000	117	213,478

[1] The totals do not account for the fact that some existing development may be displaced by new development.

* The methodology for calculating development potential is described in "Background to the Issue Papers," Santa Monica Planning Commission, March 1983.

* Along Wilshire Boulevard, most of this new space could be accommodated on corner sites. This implies typical buildings of six to eight stories, occasionally up to twelve stories, similar to recent projects such as 233 Wilshire and the First Federal Building. Forecasted retail space demand would be partially accommodated on the ground floors of these office buildings. The remainder would locate along Santa Monica Boulevard and other C-4 sites. Along Lincoln and Pico Boulevards, which each receive new demand totaling about 29% of existing space, the new development is likely to be scattered. It would occur at the same low floor area ratios as the historical average, usually replacing vacant sites or very low density uses, such as gas stations.

* Although the Consultants were not asked to emphasize Broadway in this context, it should be noted that it appears that Broadway, under this scenario, is likely to become very commercial. It is projected to experience a 222% increase in retail space and a 100% increase in office space in the year 2000.

EMPLOYMENT:

* These changes in land use will be associated with changes in employment. The table below repeats the number of jobs of different types which are estimated to exist in 1982 in the Highway Corridors and compares them to the number of jobs which, under the projected demand for space would be present in the year 2000, should regulations remain the same.

HIGHWAY CORRIDORS: EMPLOYMENT BY TYPE, 1982 AND 2000

	1982				2000			
Corridor	Retail	Office	Other	Total	Retail	Office	Other	Total
W/SM	3,125	3,764	3,192	10,081	4,344	6,811	4,326	15,481
Lincoln	1,251	585	881	2,717	1,594	1,083	1,080	3,757
Pico	839	366	580	1,785	972	841	725	2,538

* In sum, the analysis suggests that if current policies are continued, by the year 2000 Santa Monica's Wilshire/Santa Monica Corridor will again contain increasing percentages of office development and employment. By the year 2000, that Corridor is likely to contain some 15,481 jobs, of which 44% will be office and 28% will be retail, as contrasted to 37% office and 31% retail at present. Given that more retail than office employees tend to be residents of the City, this pattern of development will produce a declining percentage of jobs held by Santa Monica residents (34.1% in 1982 and 32.3% in the year 2000). The over-all increase in employment will be greater in the Wilshire/Santa Monica Corridor (54%) than on either the Lincoln or Pico Corridors (38% and 42%, respectively).

CITY REVENUES:

* The estimated impact of these development patterns on City revenues is shown by the following table:

CORRIDOR SALES TAX REVENUES, 1982 AND 2000
(in constant 1982 dollars)

	1982		2000	
Corridor	Amt.	% of Total City	Amt.	% of Total City
W/SM	$3,868,000	37.5	$5,846,500	40.0
Lincoln	443,000	4.3	534,500	3.6
Pico	297,000	2.9	327,500	2.2

URBAN DESIGN:

* On Wilshire Boulevard, because of the lack of development guide lines or required EIR, there could be negative environmental impacts from this development in terms of traffic and parking problems, lack of human scale development and undesirable shading on sidewalks and adjacent properties.

TRAFFIC:

* Traffic will increase to 45,000 vehicles per day on Wilshire Boulevard under this scenario, or 85% of capacity. This indicates that delays in the peak hours will increase to in excess of 35 seconds per vehicle. At this level, vehicles will have to wait through more than one signal at peak hours in order to move forward.

* Traffic on Santa Monica Boulevard will increase to 32,000 vehicles per day or 71% of daily capacity under this scenario by the year 2000. This means that delays in the peak hours will be approximately 30 seconds per vehicle at signalized intersections.

* Lincoln Boulevard traffic is projected to increase to 68,600 vehicles per day or 129% of capacity by the year 2000 under this scenario. This obviously indicates severe congestion in the peak hours and will probably cause diversion of traffic to alternate parallel routes through adjacent residential streets. The streets potentially most effected are Main Street and Neilson Way. However, it is entirely possible that the congestion will cause the peak hour period to spread to more than the typical two rush hours in the morning and two rush hours in the afternoon.

* Pico Boulevard traffic (east of 20th Street) is projected to increase to 29,800 vehicles per day, or 66% of capacity. This indicates peak hour levels of service in the C category, which means average delays of approximately 25 seconds per vehicle at signalized intersections.

ANALYSIS -- THE COMMERCIAL AND INDUSTRIAL TASK FORCE PROGRAM

Policy Changes Recommended

In 1981, the City's Commercial and Industrial Task Force studied the Highway Corridors and, while recognizing their contributions to the City's sales tax revenue base, expressed concern about the pressure for office development, particularly on the Wilshire/ Santa Monica Corridor. It took the position that this pressure threatened to surpass City road capacity and service provision limits, and required more City service expenditure than it generated in tax return. It concluded that "the potential for overbuilding in the City should be reduced," and recommended that:

(1) Four areas be rezoned from C-4 to C-2 to protect them as Neighborhood Commercial rather than Highway Commercial zones.
(2) One area be rezoned residential (Broadway).
(3) One area, along Olympic from 19th Court to 20th Street, be rezoned C-4 from M-1 and M-2, to reflect current uses.
(4) Height and floor area ratios be reduced. (A map of these regulations appears following Appendix V.)

Consequences

The Consultants have tried to establish what the consequences to the City might be of such an effort to downzone major portions of the Highway Commercial Corridors. One possible scenario for this policy is that the City, by restricting use, would cause land value in the area to drop over time to the point where the area became competitive with other office locations in the region and office development would then take place, although at reduced levels of intensity.

To estimate how much land value change would have to take place to make the return on equity of a development under the Task Force recommendations as profitable as it would have been before them, a series of case studies was prepared. The case studies are contained in Appendices I and II.*

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* The approach used involves computing a cash-on-cash return assuming that a site could be built out to the maximum FAR allowed before the policy change. The return is then computed using the reduced density allowed subsequent to the new policy. The final step involves computing the implied reduction in land value which would preserve the original cash-on-cash return. Appendix III compares the results of these case studies with the results of the similar analyses in the issue papers on the Industrial Corridor and on the Downtown. Appendix IV attempts to estimate what proportions of landowners in Santa Monica would be effected by the land value declines suggested in the case studies for the Downtown and the Wilshire Corridor.

With respect to the Wilshire/Santa Monica Corridor, the key result is that a project could be expected to yield a 14.3% return on Wilshire and Santa Monica Boulevards prior to the new policy, whereas afterward the yield is only 9.9%, a reduction of 4.4%. To obtain the same cash-on-cash yield under the new policy would require a 39% decline in the value of the land. The 1979 acquisition cost of the land is assumed to be about $60 per square foot. Thus the value would have to fall to about $36 for the original return to be restored to the developer.

Another way to overcome the decline in developable space would be to obtain higher than average rents for the retail and office space in the building. The case studies assume a rental rate of $2.00 per square foot per month for ground floor retail space and $2.25 per month for offices. Rental agents interviewed as to the plausibility of higher rental rates on the Wilshire/Santa Monica Corridor, generated by the decrease in potentially available space, indicated that the probability of a substantial increase in rents caused by the scarcity of space compared to what might have existed under the first scenario is small, except on sites near the Oceanfront.

On the Pico Corridor, returns on projects are small under both the initial scenario and the downzoned scenario. Thus few parcels would probably recycle in any case, whether under the existing policy or under the more restrictive policy implied by Task Force height and bulk restrictions.

Despite the restrictions on developable space, even under the reduced height and bulk standards there is enough room in the Wilshire/Santa Monica Corridor to accommodate the space likely to be built in the year 2000, as indicated below:

DEVELOPMENT POTENTIAL IN THE HIGHWAY CORRIDORS: CONTINUATION VS. TASK FORCE POLICIES

Corridor	Development Potential	Scenario 2 as a % of Scenario I
W/SM	7,274,000 sq.ft.	46%
Lincoln	1,342,194	26
Pico	889,800	30

If the reduction in land value took place, and development occured after some period of time at that lower land value, the area would still contain enough physical space to accommodate all the retail and office demand projected for the area under the first scenario, even under the reduced FARs proposed by the second scenario. In addition, the Wilshire/Santa Monica Corridor can accommodate some 213,000 square feet of the demand for office space which, under the first scenario, would be absorbed in the Industrial Corridor. The Consultants believe that this development, which is restricted under Task Force rules, would gravitate

to the Wilshire/Santa Monica Corridor. Thus slightly more office development would end up on Wilshire Boulevard under this scenario than under the first scenario. As a result, slightly more employment (first scenario: 15,481 total jobs and 4,847 for residents; second scenario: 16,490 total jobs and 5,060 for residents) and sales tax revenues (first scenario: $5,846,500; second scenario: $5,849,100) will come from this Corridor.

Total City-wide traffic generation for this scenario is 2% less than that for the first scenario. The impacts of this difference, on any one street, are relatively minor. Since about the same amount of development would take place on the Highway Commercial Corridors, about the same amount of traffic would ultimately result on the commercial arterials, although it might not occur at maximum levels until somewhat later in the period between 1982 and the year 2000 than would be the case in the first scenario.

The rezoning of Broadway to residential displaces a great deal of demand for retail and office space (estimated at 210,000 sq. ft.). It is projected that this space would locate on Lincoln Boulevard because it is a competitive market area.

If The Task Force Recommendations Are Adopted, By The Year 2000 The Highway Commercial Corridors Will:

LAND USE:

* The Wilshire/Santa Monica Corridor will contain 914,000 additional square feet of office development and 400,000 additional square feet of retail development, and will be 53% office. This is a is a greater concentration of office development than under the first scenario.

* Lincoln Boulevard will contain 205,000 new square feet of retail space, a 36% increase over current levels, and 219,000 square feet of new office space, a 128% increase over current levels, as a consequence of the displacement of this demand from Broadway because of its residential rezoning. Most of this will be located in the area of Lincoln closest to the Downtown. Pico Boulevard is expected to develop similarly, as it would under the first scenario.

URBAN DESIGN:

* Since the guidelines address only one aspect of building design, lowered height limits, the Consultants believe future projects could still be monotonous, shadow producing and not appropriate in scale to the surrounding context. Flat height limits may in fact be less effective than a diagonal "envelope" generated by rules about perceived mass and solar shading.

TRAFFIC:

* Under this scenario, traffic volumes on Wilshire Boulevard are projected at 45,600 vehicles per day (vs. 45,000 under the first scenario). On Santa Monica Boulevard under this scenario, average volumes are 31,600 vehicles per day in comparison to 32,100 under the first scenario.

Under this scenario, traffic volumes on Lincoln Boulevard are projected at 69,800 vehicles per day (vs. 68,600 in the first scenario, and vs. 49,000 per day now). This exceeds the daily capacity of the street, which is 53,000 vehicles per day. This will produce extended periods of congestion in peak hours, and probable diversion of traffic to alternate routes such as Main Street and Neilson Way.

ANALYSIS -- AN ALTERNATIVE

Policy Changes Recommended

The principles which guide the alternative suggested for the Highway Commercial Corridors are fourfold. The first is to enhance the special character of the Corridors by making them distinct, recognizable areas of the City. The second is to permit the projected commercial development to occur, but to protect the residential neighborhoods adjacent to the Corridors from the harmful side effects which might be caused by Corridor development. The third is to tailor development potential to probable demand, and tailor uses and building standards to the individual character of the Corridors and discourage a situation in which they would compete with the Downtown.* These principles are illustrated in the Figures. The fourth principle is to protect Neighborhood Commercial uses on the ground floor, but allow space above to be consistent with regular Highway Commercial use. Residential uses would also be permitted above the ground floor.

Consequences

With respect to Wilshire Boulevard, commercial development should be concentrated east of 20th Street, close to the western perimeter of the City. This will be done by allowing the FAR there to be 2.5, as contrasted with FARs of 1.0-1.5 west of 20th Street on Santa Monica Boulevard. This will reduce the infiltration of traffic into residential neighborhoods. At the same time, the low FARs for the western portion of Santa Monica Boulevard will protect existing "Auto Row" development. Traffic is also more likely to use the 26th Street route to Cloverfield and to use Centinela Boulevard to reach the Centinela interchange, instead of filtering through the residential neighborhoods to get to the freeway.

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* The Downtown and Industrial Corridor Issue Papers describe the goal of concentrating projected future demand for office and retail development in these two areas. The goal is to concentrate general office and retail demand in the Downtown, and large floor office and research and development in the Industrial Corridor. Here, the other side of the coin is to de-emphasize the Corridors as commercial development concentrations.

With respect to Broadway, this scenario incorporates the Task Force recommendation to rezone Broadway to residential. At present Broadway is entirely residential east of 26th Street. A strip of other uses (General Telephone and M-zoned land) occurs between 20th and 26th Streets. West of 20th there is considerable encroachment of commmercial uses into the otherwise residential blocks. On the Santa Monica Boulevard side, auto showrooms and parking lots have also encroached on the residential neighborhood; there is frequent use of commercially-zoned Broadway parcels for auto storage, repair and other back-up uses for "Auto Row." From the Colorado Avenue side, industrial and office uses have caused additional encroachment into the residential neighborhoods.

The residential rezoning is likely to stem some of these problems in the residential area, but is insufficient to knit the Broadway neighborhood together again. Forecast traffic volumes all along Broadway are approaching 10,000 trips per day, the limit acceptable for a residential street. Thus, it may be appropriate to divert part of this traffic to Colorado Boulevard and Santa Monica Boulevard. Traffic diversions and the narrowing of some streets in this area are suggested to increase Broadway's desirability as a residential street. The City would then make Broadway a priority area for new housing. With such a combination of regulatory measures and public improvements and policies, the Broadway area can be reinforced as a pleasant and desirable residential neighborhood.

For Pico Boulevard, low FARs of 1.0 to 1.5 are suggested, which would have the effect of maintaining the predominantly residential character of this area.

For the purpose of future land use planning, Lincoln Boulevard should be considered as two distinct segments. Growth should be discouraged in the portion south of the freeway where traffic is very heavy, while for the portion adjacent to Downtown, Lincoln Boulevard should be rezoned C-3.

<u>If The Alternative Policy Changes Are Adopted, By The Year 2000 The Highway Commercial Corridors Will:</u>

LAND USE:

* The Wilshire/Santa Monica Corridor will contain 700,000 square feet of new office space and 397,000 additional square feet of new retail space, as in the first scenario.

* Similarly, Lincoln will receive the same amount of development as in the first scenario, but it will be concentrated north of the freeway.

* Broadway will become a pleasant, desirable residential neighborhood rather than a commercial area. Pico Boulevard will be protected as a predominantly residential, neighborhood-serving area. Because of the prohibition of excessive building heights in the commercial buildings, adjacent residences in all areas will be protected from shading.

EMPLOYMENT:

* Of the three scenarios, the Consultants' recommendations will produce the lowest total employment in the Highway Commercial Corridors, because more development is concentrated in the Downtown, but will result in the highest percentage of jobs for Santa Monica residents. This is shown by the following table.

COMPARISON OF EMPLOYMENT
BY SCENARIO*

Scenario	Total Employment	Santa Monica Residents # of Jobs	Santa Monica Residents % of Total
(1) Continuation	23,724	7,667	32.3%
(2) Task Force	24,718	7,875	31.9%
(3) Consultants	22,831	7,386	32.4%

* Current employment is 14,583.

REVENUES:

* Similarly, of the three scenarios, the Consultants' recommendations will produce the least sales tax revenue (in absolute and percentage of total City terms). Once again, this is because more development is concentrated in the Downtown in the third scenario than under either of the other two scenarios. However, development generates costs as well as revenues. As the summary table indicates, the balance of total costs and total revenues produced by this alternative is the most favorable of the three alternatives.

COMPARISON OF SALES TAX REVENUES
BY SCENARIO (in constant 1982 dollars)

Scenario	Amount	% of City Total
(1) Continuation	$6,870,500	47%
(2) Task Force	$6,867,100	47%
(3) Consultants	$6,735,800	44%

TRAFFIC:

* On the Wilshire/Santa Monica Corridor, because development will be concentrated east of 20th Street, traffic will have less of a tendency to filter into residential north-south streets.

* On Lincoln Boulevard, traffic will not be increased in the area where there is already pressure and few acceptable parallel routes. The retail and office demand which otherwise would have occupied Broadway will be directed toward the Downtown, because of the higher FARs available in the Downtown as contrasted to the FARs on Lincoln. Thus, the added pressure created on Lincoln Boulevard by rezoning Broadway residential, discussed above in the second scenario, should be abated.

ANALYSIS -- OTHER IMPACTS OF THE THREE SCENARIOS

The analysis of the Highway Commercial Corridors alternatives has primarily focused on the implications of these alternatives for traffic, revenues and employment. Below a comparison is made among all six goals about which the City has concerns.

CITY GOAL	CONTINUATION	TASK FORCE	ALTERNATIVE
Costs & Revenues (in constant 1982 dollars)	Results in a revenue increase of $2.9 million and a cost increase of $2.2 million from current conditions. Based on year 2000 development patterns, total revenues exceed total revenues by $2.0 million.	Results in a revenue increase of $2.8 million and a cost increase of $2.2 million from current conditions. Based on year 2000 development patterns, total revenues exceed total costs by $ 1.7 million.	Results in a revenue increase of $2.7 million and a cost increase of $1.5 million from current conditions. Based on year 2000 development patterns, total revenues exceed total costs by $2.3 million.
Support for Small/Locally Owned Business	Likely to be not very supportive due to lack of development guidelines designed to offset negative environmental impacts, lack of human scale and presence of undesirable shading.	Same as continuation scenario.	Likely to be most supportive of the three scenarios due to specific development guidelines to enhance the environment, human scale, and mitigate undesirable shading.
Housing	Offices cause shading of residential areas. Wilshire traffic spills onto north-south residential streets.	Broadway rezoned residential.	Broadway rezoned residential. Residential areas protected from traffic.
The Environment	Bulk & materials not satisfactory. Shadows cast on adjcent public spaces. Privacy lost to adjacent residences.	Height limits do not guarantee that buildings will not be bulky and shadow-producing.	Individual character of streets reinforced. Solar envelope allows variation in height while protecting pedestrian scale at ground level.
Employment and Under-Employment	Results in an increase of 8,200 jobs, 2,400 for S.M. residents, over 1982 conditions.	Results in an increase of 1,000 jobs over the first scenario, 200 more for S.M. residents.	Results in a decrease of 1,000 total jobs, and 300 fewer jobs for S.M. residents, compared to the first scenario.

APPENDICES

APPENDIX I

WILSHIRE HIGHWAY COMMERCIAL CORRIDOR PRO-FORMA AND ANALYSIS

Introduction and Methodology

The approach used in this case study involves computing a cash-on-cash return assuming that the site could be built-out to the maximum FAR allowed prior to City Council Resolution #6385. The return is then computed using the reduced density allowed subsequent to 6385. The final step involves computing the implied reduction in land value which would preserve the original cash-on-cash return.

The analysis requires that assumptions be made regarding:

a) Site size and value (cost);
b) allowable FAR, allowable uses and required parking;
c) gross income, expenses and net operating income;
d) direct and indirect construction costs; and
e) financing terms.

Analysis

Exhibit I is the first component of the analysis of a 36,050 sq. ft. site on the eastern portion of the Wilshire Boulevard Highway Commercial Corridor. The hypothetical building was presumed to have a FAR of 3.3, which is the maximum that would have been allowed prior to 6385 without a Fiscal and Environmental Analysis. The key result of the analysis is that the project would require equity of $3,135,266 and would generate a cash flow before tax equivalent to $447,370. This implies a cash-on-cash yield of 14.27%.

Exhibit II examines the impact on project yield of a reduction in the FAR from 3.3 to 2.0. The main changes in the input data arise from the reduction in rentable space which reduces net operating income. Exhibit II demonstrates that the project would require equity of $2,738,691 and would generate a cash flow before tax of $269,816. This implies a cash-on-cash yield of 9.85%, or a reduction in yield of 4.42%.

To determine the impact on land value, we again take the approach outlined above. The original land value based on 1981 market conditions was $2,163,000. We want to compute what the land value would have to be to approximate or preserve the original cash-on-cash yield (14.27%) at the lower density.

So:

$$R = \frac{CFBT}{RE}; \quad RE = 14.27\%; \; CFBT = \$269,816$$

So: RE = $1,890,792

RE = LV + HC + LA
LV = RE + LA - HC
= $1,890,792 + $8,613,060 - $9,188,751

LV = <u>$1,315,101</u>

This implies a 39% decline in the implied value of the property. This conclusion, however, must be qualified. First, it is not clear that the site would support a building at a 3.3 FAR. If indeed this is the case, then the 14.27% yield under the pre-6385 scenario is probably an overestimate. A reduction in this yield would mean a lesser implied decline in property value due to the zoning change. Note that the building proposed for the site had a FAR of 1.65 (well below the pre-6385 maximum).

EXHIBIT I TO WILSHIRE HIGHWAY COMMERCIAL CORRIDOR
PRO-FORMA AND ANALYSIS

3.3 FAR, 6-story building

Land Area

Sq. Ft.	36,050 SF
Acres	.83 Acres
Total Value	$2,163,000
Cost/SF	$ 60.00/SF

INCOME ANALYSIS

Retail and Office Rental

	Area SF	Monthly $/SF	Annual $/SF	Annual Rental
Ground Fl. Retail	18,240	$2.00 (3N)	$ 24.00	$ 437,760
Office Rental	91,200	$2.25	$ 27.00	2,462,400
Total Rental Income				$2,900,160

Parking Income Analysis

Monthly Reserved (33.3%) 132 x $50/mo. x 12 mo.	$ 79,200
Monthly Permits (33.3%) 132 x 40/mo. x 12 mo.	63,360
Guest Parking (33.3%) 132 x $3 x 2 T/O x 254	201,168
Total Spaces (100%) 396	-
Total Gross Parking Income	$ 343,728
(Operating Expenses As % of Gross, 25%)	(85,932)
Net Income From Parking	$ 257,796

Summary of Income and Expenses

Income	
Ground Fl. Rental Income	$ 437,760
Office Rental Income	2,462,400
Parking Income	343,720
Scheduled Gross Income	$3,243,880
Vacancy Allowance (5%)	(162,194)
Effective Gross Income	$3,081,686
Operating Expenses	
Office (25% of Gross Rents)	$ 615,600
Parking	85,932
Total Operating and Parking Expenses	$ 701,532
Net Op. Income Before Debt Serv. & Dep.	$2,380,154

EXHIBIT I (cont'd.)

Construction Cost

Direct Costs	SF	$/SF	
Building Cost (including site wk.)	118,965	53.00	$ 6,305,145
Parking (Below & Above Ground)	132,000	30.00	3,960,000
Tenant Improvements	91,200	22.00	1,641,600
Total Direct Costs			$11,906,745

Indirect Costs		
Architect:	$10,265,145 x 5%	$ 513,257
Loan Pts.:	$14,280,924 x 2 pts.	285,618
Leasing Commission:	5 yr. (4% gross rents 5% 3N Rents)	601,920
Interim Interest:	$14,280,924 x 15% x 50% x 1 yr.	1,071,069
Property Tax:	$ 1,458,643 x 1.6% x 3.5 yrs.	81,684
Insurance:	$10,265,145 x .75%	76,989
Legal and Title:		100,000
Interest Carry Upon Completion		-
Developer's Overhead:	$10,265,145 x 3%	307,954
Contingency:	$10,265,145 x 3%	307,954
Total Indirect Costs		$ 3,346,445

Land Cost	$ 2,163,000
Total Project Cost	$17,416,190

Economic Value and Loan Amount

Economic Value (NOI - 10% Cap Rate)	$23,801,540
Permanent Loan Amount ($23,801,540 x .60)	$14,280,924
Equity Requirement:	$ 3,135,266

Cash Flow Before Tax and Return on Equity

Net Income Available For Debt Service	$ 2,380,154
Annual Debt Service	(1,932,784)
Spendable Cash Flow Before Tax	$ 447,370
Return on Equity (CFBT/Equity)	14.27%

EXHIBIT I (cont'd.)

Financing Ratios

Gross Floor Area	(SF):	118,965
Total Net Rentable	(SF):	109,440
Building Efficiency Ratio	(%):	929
Permanent Loan/Sq. Ft.	($):	12,004
Permanent Loan Amount	($):	14,280,924
Interest Rate (%)/Term of Loan (Years):		13/25
Annual Debt Service	($):	1,932,784
Debt Coverage Ratio	(X):	123X
Break-Even Point	(%):	81%
Economic Value	($):	23,801,540
Loan To Value Ratio	(%):	60%
Required Equity Including Land	($):	3,135,266
Total Project Costs	($):	16,711,833
Equity To Costs Ratio	(%):	18%
Land As A Percentage Of Equity	(%):	69%

EXHIBIT II TO WILSHIRE HIGHWAY COMMERCIAL CORRIDOR
PRO-FORMA AND ANALYSIS

2.0 FAR, 4-story building

Land Area

Sq. Ft.	36,050 SF
Acres	.83
Total Value	$2,163,000
Cost/SF	$60/SF

INCOME ANALYSIS

Retail and Office Rental

	Area SF	Monthly $/SF	Annual $/SF	Annual Rental
Ground Fl. Retail	16,222	$2.00 (3N)	$24.00	$ 389,328
Office Retail	48,668	$2.25	$27.00	1,314,036
Total Rental Income				$1,703,364

Parking Income Analysis

Monthly Reserved	(33.3%) 80 x $50/mo. x 12 mo.	$ 48,000
Monthly Permits	(33.3%) 80 x $40/mo. x 12 mo.	38,400
Guest Parking	(33.3%) 80 x $ 3 x 2 T/D x 254 days	121,920
Total Spaces	(100%) 240	
Total Gross Parking Income		$ 208,320
(Operating Expenses as % of Gross, 25%)		(52,080)
Net Income From Parking		$ 156,240

Summary of Income and Expenses

Income	
Ground Fl. Rental Income	$ 389,328
Office Rental Income	1,314,036
Parking Income	208,320
Scheduled Gross Income	$1,911,684
Vacancy Allowance (5%)	(95,584)
Effective Gross Income	$1,816,099
Operating Expenses	
Office (25% of Gross Rents)	$ 328,509
Parking	52,080
Total Operating and Parking Expenses	$ 380,589
Net Op. Income Before Debt Serv. & Dep.	$1,435,510

EXHIBIT II (Cont'd.)

Construction Cost

Direct Costs	SF	$/SF	
Building Cost (Incl. Site Wk.)	72,100	53.00	$ 3,821,300
Parking (Below & Above Ground)	80,000	30.00	2,400,000
Tenant Improvements	48,688	18.00	876,384
Total Direct Costs			$ 7,097,684

Indirect Costs		
Architect:	$6,221,300 x 5%	$ 311,065
Loan Pts.:	$8,613,060 x 2 Pts.	172,261
Leasing Commission:	5 yr. (4% Gross Rents + 5% 3N Rents)	360,139
Interim Interest:	$8,613,060 x 15% x 50% x 1 yr.	645,980
Property Tax:	$1,458,643 x 1.6% x 3.5 yrs.	81,684
Insurance:	$6,221,300 x .75%	46,650
Legal and Title:		100,000
Interest Carry Upon Completion		-
Developers Overhead:	$6,221,300 x 3%	186,639
Contingency:	$6,221,300 x 3%	186,639
Total Direct Costs		$ 2,091,067

Land Cost	$ 2,163,000
Total Project Cost	$11,351,751

Economic Value and Loan Amount

Economic Value (NOI - 10% Cap Rate)	$14,355,100
Permanent Loan Amount	$ 8,613,060
Equity Requirement:	$ 2,738,691

Cash Flow Before Tax and Return on Equity

Net Income Available for Debt Service	$ 1,435,510
Annual Debt Service	$(1,165,694)
Spendable Cash Flow Before Tax	$ 269,816
Return on Equity (CFBT/Equity)	9.85%

EXHIBIT II (Cont'd.)

Financing Ratios

Gross Floor Area	(SF):	72,100
Total Net Rentable	(SF):	64,890
Building Efficiency Ratio	(%):	90%
Permanent Loan/Sq. Ft.	($):	119.46
Permanent Loan Amount	($):	8,613,060
Interest Rate (%)/Term of Loan (Years):		13/25
Annual Debt Service	($):	1,165,694
Debt Coverage Ratio:	(X):	1.23X
Break-Even Point	(%):	81%
Economic Value	($):	14,355,100
Loan To Value Ratio	(%):	60%
Required Equity Including Land	($):	2,738,691
Total Project Costs	($):	11,351,751
Equity To Costs Ratio	(%):	24%
Land As A Percentage of Equity	(%):	79%

APPENDIX II

PICO HIGHWAY COMMERCIAL CORRIDOR PRO-FORMA AND ANALYSIS

Introduction and Methodology

The approach used in this case study is identical to that which was used for the for the Wilshire Highway Commercial Pro-Forma and Analysis. Since the approach is identical, that document can be referred to for a summary of the methodology.

Analysis

Exhibit I is the first component of the analysis of a 26,000 sq. ft. site in the eastern portion of Pico Boulevard, within the Highway Commercial Corridor area. This area runs east along Pico Boulevard, from Santa Monica College between 21st and 31st streets. The development of Pico Boulevard has lagged behind that of Wilshire and Santa Monica Boulevards. In general, higher density mixed office and retail uses have not evolved on Pico. As this case study demonstrates, the trends in this area do not justify the recycling of many of the existing properties. It should be noted that the site being analyzed is hypothetical.

Despite the apparent market constraints on building to the maximum FAR, Exhibit I examines a building constructed to take full advantage of the maximum FAR. A hypothetical project was examined to evaluate the impact of the reduction in allowable FAR.

To summarize the results in Exhibit I, the building at maximum FAR would require equity of $4,814,180 and would generate a cash flow before tax of $264,780, resulting in a yield of 5.5%.

Exhibit II examines the same property built to the limits set forth in City Council Resolution #6385. A 2.0. FAR is allowed, but the building is limited to 2 stories, with 75% lot coverage. The results of the analysis yield a required equity of $1,824,557 and a cash flow before tax of $122,327. This implies a cash-on-cash return of 6.7%.

The improvement in yield apparently arises from the reduction in construction costs per square foot arising from building at a lower level, and the reduced parking requirement arising from the lower density and additional street level parking. However, it should be noted that 6.7% on a cash-on-cash basis is not likely to encourage recycling.

It should also be noted that this analysis might provide some insight regarding the neighborhood commercial zones along Pico Boulevard. A design concept as is assumed in Exhibit II appears to make more economic sense than those strip centers evaluated in the neighborhood commercial pro-forma analysis. For

comparison, the neighborhood commercial case studies yielded 2.48% an 1.85%. These yields were for one-story structures with surface parking.

Once again, even though the yield increase under the restrictions of City Council Resolution #6385 is encouraging, the yield would still not appear to encourage recycling. If land were assumed to cost $30/sf the yield would only rise to 7.8%, still not sufficient to justify development given opportunities in other areas of the City.

EXHIBIT I TO PICO HIGHWAY COMMERCIAL PRO-FORMA AND ANALYSIS

3.3 FAR, 6 stories

LAND AREA

Sq. Ft.	26,000	
Acres	.6	Acres
Total Value	$1,040,000	
Cost/SF	$ 40.00	SF (Assumed Land Value/SF)

INCOME ANALYSIS

Retail and Office Space

	Area SF	Monthly $/SF	Annual $/SF	Annual Rental
Ground Fl. Retail	13,156	$1.50 (NNN)	$18.00	$ 236,808
Office Rental	65,780	$1.50	$18.00	1,184,040
Total Rental Income				$1,420,848

Parking Income 286 spaces (85,800 SF - 300)

Monthly Reserve (50%) 143 x 40 x 12	$ 68,640
Guest Parking (50%) 143 x 2 x 2 x 254	145,288
Total Spaces 286	
Cross Parking Income	$ 213,928
Operating Expenses (25%)	$ (53,482)
Net Parking Income	$ 160,446

Income Summary

Retail Income	$ 236,808
Office Income	1,184,040
Parking Income (Gross)	213,928
Scheduled Gross Income	$1,634,776
Vacancy Allowance (5%)	(81,739)
Effective Cross Income	$1,553,037
Office Operating Expenses ($1,184,040 x .25)	$ (296,010)
Parking Operating Expenses	(53,482)
Total Operating Expenses	$ (349,492)
NOI (Net Operating Income)	$1,203,545

EXHIBIT I (cont'd.)

CONSTRUCTION COST

Direct Costs	SF	$/SF	
Building Cost	85,800	53.00	4,547,400
Parking (Below & Above Ground)	95,400	30.00	2,862,000
Tenant Improvements	65,780	18.00	1,184,040
Total Direct Costs			$8,593,440

Indirect Costs		
Architect:	$7,409,400 x 5%	$ 370,470
Loan Pts.:	$7,221,270 x 2 Pts.	144,425
Leasing Commission:	$1,420,848 x 5 yrs. x 4% Rents	284,170
Interim Interest:	$7,221,270 x 15% x 50% x 1 yr.	541,595
Property Tax:	$1,040,000 x 1%	10,400
Insurance:	$7,409,400 x .75%	55,570
Legal and Title:		100,000
Developer's Overhead:	$7,409,400 x 3%	222,282
Contingency:	$7,409,400 x 3%	222,282
Total Indirect Costs		$ 1,951,194
Total Direct and Indirect Costs		$10,544,634

LAND COST	$ 1,040,000
TOTAL PROJECT COST	$11,584,634

ECONOMIC VALUE AND LOAN AMOUNT

Economic Value (NOI - 10% Cap Rate)	$12,035,450
Permanent Loan Amount (23,801,540 x .60)	(7,221,270)
Equity Requirement:	$ 4,814,180

CASH FLOW BEFORE TAX AND RETURN ON EQUITY

Net Income Available For Debt Service (NOI)	$ 1,203,545
Annual Debt Service	(938,765)
Cash Flow Before Tax	$ 264,780
Return on Equity (CFBT/Equity)	5.5%

Financing Ratios

Gross Floor Area	(SF):	85,800
Total Net Rentable	(SF):	78,936
Building Efficiency Ratio	(%):	92%
Permanent Loan/Sq. Ft.	($):	84.16
Permanent Loan Amount	($):	7,221,270
Interest Rate (%)/Term of Loan (Years):		13/25
Annual Debt Service	($):	938,765
Debt Coverage Ratio	(X):	1.28X
Break-Even Point	(%):	78%
Economic Value	($):	12,035,450
Loan To Value Ratio	(%):	60%
Required Equity Including Land	($):	4,814,180
Total Project Costs	($):	11,584,634
Equity To Costs Ratio	(%):	42%
Land As A Percentage Of Equity	(%):	22%

EXHIBIT II TO PICO HIGHWAY COMMERCIAL PRO-FORMA AND ANALYSIS

(2.0 FAR, 2-Story Bldg.
75% Lot Coverage)

LAND AREA

Sq. Ft.	26,000 SF
Acres	.60 Acres
Total Value	$1,040,000
Cost/SF	$ 40.00/SF (Assuming Land Value/SF)

INCOME ANALYSIS

Retail and Office Space	Area SF	Monthly $/SF	Annual $/SF	Annual Rental
Ground Fl. Retail	7,973	$1.50 (NNN)	$18.00	$ 143,514
Office Retail	27,907	$1.25	$18.00	502,326
Total Rental Income				$ 645,840

Parking Income (39,000 - 300, 130 spaces)	
Monthly Reserved (50%) 65 x 40 x 12	$ 31,200
Guest Parking (50%) 65 x 2 x 2 x 254	66,040
Total Spaces 130	
Gross Parking Income	$ 97,240
Operating Expenses (25%)	(24,310)
Net Parking Income	$ 72,930

Income Summary	
Retail Income	$ 143,514
Office Income	502,326
Parking Income (Gross)	(97,240)
Scheduled Gross Income	$ 743,080
Vacancy Allowance (5%)	(37,154)
Effective Gross Income	$ 705,926
Office Operating Expenses ($502,326 x .25)	$(125,582)
Parking Operating Expenses	(24,310)
Total Operating Expenses	$(149,892)
NOI (Net Operating Income)	$ 556,034

EXHIBIT II (Cont'd.)

CONSTRUCTION COST

Direct Costs	SF	$/SF	
Building Cost	39,000	42.00	$1,638,000
Parking	36,700	30.00	1,107,000
Tenant Improvements	27,907	18.00	502,326
Total Direct Costs			$3,241,326

Indirect Costs		
Architect:	$2,739,000 x 5%	$ 136,950
Loan Pts.:	$3,336,204 x 2 Pts.	66,724
Leasing Commission:	5 yrs. x 4% Rents x $645,840	129,168
Interim Interest:	$3,336,204 x 15% x 50% x 1 yr.	250,215
Property Tax:	$1,040,000 x 1.0%	10,400
Insurance:	$2,739,000 x .75%	21,638
Legal and Title:		100,000
Developer's Overhead:	$2,739,000 x 3%	82,170
Contingency:	$2,739,000 x 3%	82,170
Total Indirect Costs		$ 879,435
Total Direct and Indirect Costs		$4,120,761

LAND COST

$1,040,000

TOTAL PROJECT COST

$5,160,761

ECONOMIC VALUE AND LOAN AMOUNT

Economic Value (NOI - 10% Cap Rate)	$5,560,340
Permanent Loan Amount	(3,336,204)
Equity Requirement:	$1,824,557

CASH FLOW BEFORE TAX AND RETURN ON EQUITY

Net Income Available for Debt Service	$ 556,034
Annual Debt Service	(433,706)
Cash Flow Before Tax	122,327
Return on Equity (CFBT/Equity)	6.7%

EXHIBIT II (Cont'd.)

Financing Ratios

Gross Floor Area	(SF):	39,000
Total Net Rentable	(SF):	35,882
Building Efficiency Ratio	(%):	92%
Permanent Loan/Sq. Ft.	($):	85.54
Permanent Loan Amount	($):	3,336,204
Interest Rate (%)/Term of Loan (Years):		13/25
Annual Debt Service	($):	433,706
Debt Coverage Ratio:	(X):	1.28X
Break-Even Point	(%):	78%
Economic Value	($):	5,560,340
Loan To Value Ratio	(%):	60%
Required Equity Including Land	($):	1,824,557
Total Project Costs	($):	5,160,761
Equity To Costs Ratio	(%):	35%
Land As A Percentage of Equity	(%):	57%

Notes:

1. The site is hypothetical.

2. Although allowed by Pre-April 1981 Zoning, a six-story commercial building is not really feasible because of the size, configuration and character of the lot.

   Maximum build-out under each scenario is assumed, regardless of market or other economic factors (e.g., project economies). Parking requirements under each scenario held constant (1 space for every 300 sq. ft. of building area).

LAND VALUES IMPLIED BY RECOMMENDATIONS OF THE CITY'S COMMERCIAL AND INDUSTRIAL TASK FORCE

In analyzing the consequences of the limitations imposed by the adoption of the Commercial and Industrial Task Force program, a continuing concern is to project what the likely consequence of reduced development potential would be. In the Downtown and in the Wilshire Corridor, the Consultants are assuming that the reduced development potential would be reflected in a reduced land value. Land owners would be forced to absorb this decrease. Once they had done so, development would continue as before. This process is described in Appendix 1 to Issue Paper 2 on the Downtown. The decreases in land value implied in all three areas are shown below:

Industrial Corridor	$10-$50 per square foot
Downtown	$11 per square foot*
Wilshire Commercial Corridor	$24 per square foot**

* See Downtown Issue Paper, Appendix 2. Implied decline in Scenario 2 is about $252,000 on a site of 22,500 square feet.

** See Highway Commercial Corridors Issue Paper, Appendix 1. Implied decline in Scenario 2 is about $847,900 on a site of 36,050 square feet.

In the Industrial Corridor, the Consultants believe that the land values would not decline to the level required to produce the outcomes the Task Force desires, in contrast to the behavior of land prices in the Highway Corridors and the Downtown. This is so for two reasons:

(1) Stopping office growth in the Industrial Corridor, where 43% of the office growth in the City is likely to go if there is no change in current policies, is far more dramatic than the reductions in FARs which are the cause of the decline in land values in the Downtown and in the Highway Commercial Corridors. In the face of this dramatic effort to overpower market-directed growth, it is more likely that landowners would wait and hold their land than is the case in the less dramatic policy proposed for the other areas.

(2) If Task Force recommendations are adopted, there will still be demand for industrial space of the warehousing and high technology variety in the area, which is permitted under the proposed regulations. This type of use would occur at the existing land values. Thus the regulations would not produce a drop in the value of land sufficient to attract the particular type of industrial development -- traditional manufacturing -- that the City desires.

APPENDIX IV

EFFECT OF COMMERCIAL AND INDUSTRIAL TASK FORCE REGULATIONS ON LANDOWNERS IN THE DOWNTOWN AND HIGHWAY COMMERCIAL AREAS

Economic case studies of prototypical developments in the Downtown Santa Monica area and in the major Highway Commercial Corridors indicated that implied land values in Santa Monica drop from approximately $58 per square foot to $46.50 per square foot in the Downtown area, and from $60 per square foot to $36.00 per square foot on Wilshire Boulevard (east of Downtown) as a result of Resolution 6385 land use policies. The Consultants attempted to determine in what year land values were at $46.50 per square foot in the Downtown and $36.00 per square foot on Wilshire Boulevard, and what proportion of landowners bought property after those years and could therefore be said, in some sense, to have suffered a "loss" under these policies.

The results of this analysis suggest that in 1978 land values were approximately at the levels noted, and that approximately one third of the commercial parcels in the City were bought after January 1978. It should be noted that land values in a City which is almost entirely built are difficult to assess, as vacant parcels rarely exist or change hands, especially in busy areas like the Downtown and Wilshire Boulevard. However, the Consultants are reasonably confident of the conclusions arrived at with the few examples of recycled properties obtained, since they match the informal information obtained through interviews with realtors and developers familiar with the Santa Monica area.

METHODOLOGY

Land is normally valued by professional appraisers by looking at comparable transactions in an area where vacant land was recently sold. The general rule in appraising an improved property is to calculate the land value (based on such comparisons) and assume the residual to be the value of the building. Where vacant land is not traded, the next best cue to land value is to look at properties which are bought to be redeveloped, and on which one can assume that the amount paid for the whole property (including the building to be torn down) equals the cost of the land.

The Consultants therefore looked at all buildings built in the Downtown area and on Wilshire Boulevard since 1975, where the parcel was bought immediately prior to building, and on which there was information about the purchase price from County Assessor's records. In these transactions, even though there were buildings on the sites, the purchase price can be assumed to represent land value. The next step was to compute the cost per square foot of land for those transactions, and interpolate values for years in which there were no cases, assuming a steady historical trend. Actually, realtors and developers interviewed indicated that there was a leap upwards of price in mid-1979. However, the effect of the assumption is to be conservative in placing the year in which property values were at the critical point -- that is, the year found errs somewhat on the early side. The table below lists the values of land at different points in

time. The values underlined were found from actual transactions, the others are interpolated.

PROPERTY VALUES (LAND ONLY) BY AREA AND YEAR

	Year						
Street/Area	1976	1977	1978	1979	1980	1981	1982
Wilshire (E.)	$7-10	$21	$32	$35	$50	$50/100*	$80
Downtown	$16	$34	$52	$58	$75	$100*	$75

* This $100 figure is listed because realtors and developers indicated that by 1981 prices had skyrocketed to this figure -- and that although no property ever actually traded at this amount, that was the figure being quoted.

The second step in the analysis was to find out what proportion of parcels had been purchased since the time at which land values were $46 Downtown and $36 on the Wilshire Corridor. The total number of parcels on each of several commercial strips and most of the Downtown area, and the number that had been purchased since 1978, were obtained from the County Assessor's records. The absolute numbers and the proportion of the total are listed in the following table.

NUMBER AND PROPORTION OF PARCELS BOUGHT SINCE 1978 BY STREET

Street/Area	Total # Parcels	# Bought Since 78	% of Total
Commercial Corridors			
Wilshire Blvd.	165	47	28%
Santa Monica	175	52	30%
Pico Blvd.	136	45	33%
Lincoln Blvd.	181	65	36%
Broadway	69	23	33%
Average of Commerical Corridors	726	232	32%
Downtown			
Wilshire Blvd.	36	9	25%
Santa Monica Blvd.	33	10	30%
Broadway	26	14	54%
Average of Downtown (not including Ocean Ave. and the Mall)	95	33	35%

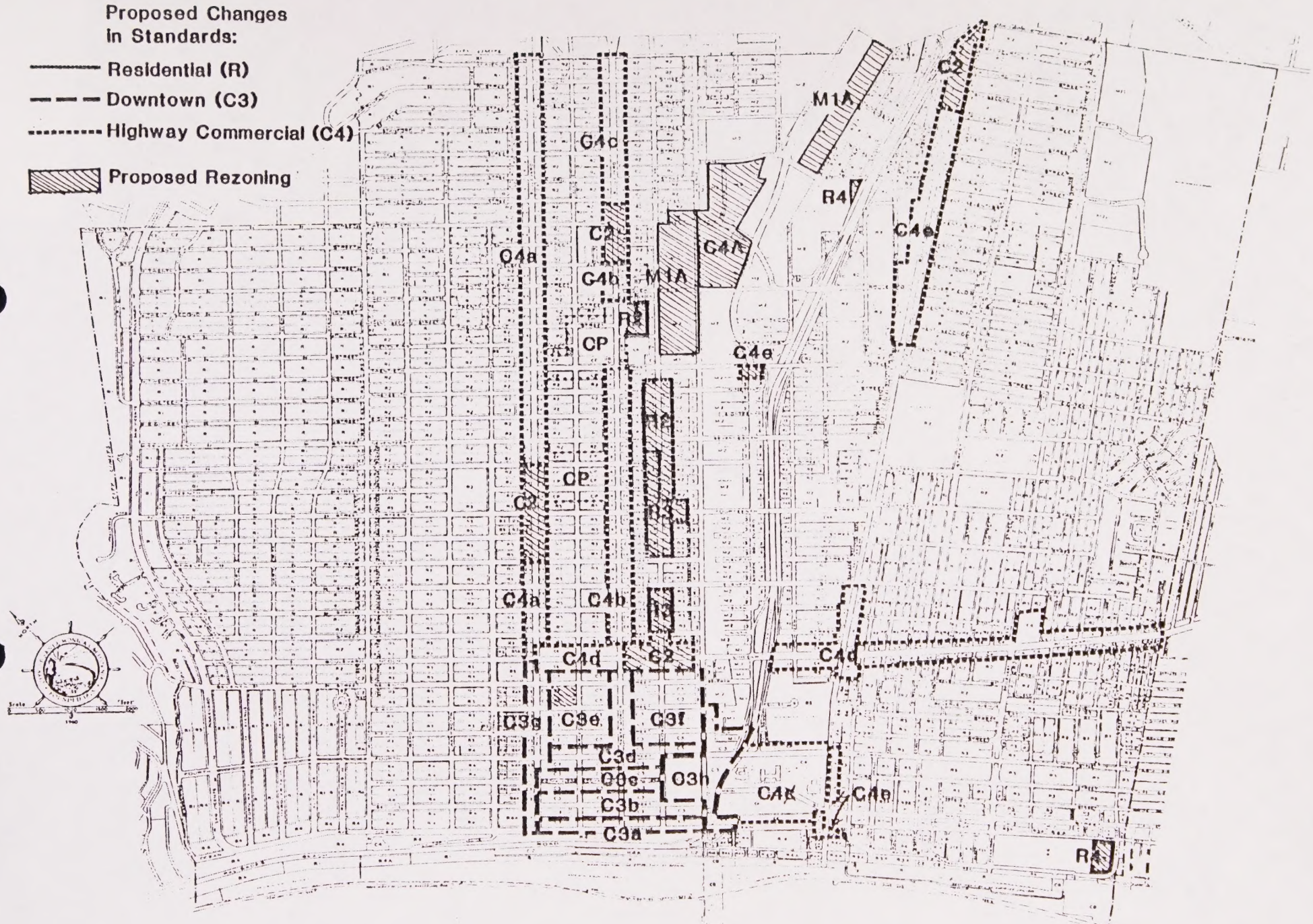
Thus an average of about 32% of the parcels on the Highway Commercial Corridors and 35% of the parcels in the Downtown can be said to have been purchased at prices equal to or exceeding the value to which land drops as a result of Resolution 6385 policies.

APPENDIX V

SUMMARY COMPARISON OF SCENARIOS -- HIGHWAY COMMERCIAL CORRIDORS

Zone/ Use	Comparison Category	Continuation	Task Force*	Alternative
C-4	Height FAR	6 stories 6.0 (effective FAR)		
	Height FAR		Sub-Area A 4 stories 2.0	Wilshire 42-75' (solar envelope) 2.0-2.5
	Height FAR		Sub-Area B 3 stories 1.0	S.M. (West) 3 stories 1.0
	Height FAR		Sub-Area C 3 stories 2.0	S.M. (East) 42-75' (solar envelope) 2.0-2.5
				Broadway Rezone to residential
	Height FAR		Sub-Area D 2 stories 1.5 FAR	Lincoln (South) 2 stories 1.0 FAR
	Height FAR		Sub-Area E 2 stories 1.5 (effective FAR)	Lincoln (North) Rezone to C3
CA/CP	Height FAR	6 stories 6.0(effective FAR)	3.0 stories 2.0	Pico 3 stories 1.0-1.5 41-75' 2.0-2.5
Residential		Above third floor only R-4 densities (1 unit per 750 sq. ft. of lot area)	Permitted except at ground floor street levels (1 unit per 900 sq. ft. of lot area)	Permitted except at ground floor street front
Public Use		N/A	N/A	Reclassified to public

* See attached map.



Resolution 6385 Development Standards (listed only where different from Baseline)